

Short Term

Contract No. \_\_\_\_\_

**HORMEL FOODS CORPORATION**  
**SHORT-TERM HOG PROCUREMENT AGREEMENT I**

This Short-Term Hog Procurement Agreement I ("Agreement") is made and entered into by and between the undersigned producer of hogs ("Producer") and Hormel Foods Corporation, a Delaware Corporation, with its principal offices in Austin, Minnesota ("Hormel Foods"). Hormel Foods desires to obtain butcher hogs from Producer, who wishes to participate in a weekly pricing program. Under this program, Hormel Foods will pay Producer for hogs delivered during a given week on the basis of the average of the prior week's top two 10:00 a.m. market prices.

1. Term; Termination. The initial term of this Agreement is six (6) months commencing on Producer's first delivery of hogs meeting the specifications hereunder. The commencement date shall be noticed in writing to Producer. Thereafter this Agreement shall automatically renew for successive six-month terms unless terminated by either party at the end of the initial term or any renewal term by providing the other party at least thirty (30) days prior written notice of such termination. This Agreement is subject to immediate termination by Hormel Foods at any time in the event of a default by Producer or if Hormel Foods discontinues the slaughtering of hogs at the plant indicated in paragraph 3.(e) below.

2. Price of Hogs. (a) Every Friday afternoon, Hormel Foods shall average the top two of the current week's (Monday - Friday) daily 10:00 a.m. Hormel Foods' Grade & Yield carcass meat prices. This is the "Contract Base Price" and shall remain in effect for the following Sunday through Saturday. (b) The Contract Base Price will be used in connection with Hormel Foods' Grade & Yield Buying Program in effect at the time of delivery to determine the final amount to be paid to Producer for hogs delivered to Hormel Foods hereunder. (c) Inspection, sorting and weighing shall be performed by Hormel Foods at the delivery location or the plant. All hogs delivered hereunder must weigh at least two hundred twenty-five (225) pounds. No hogs shall be crippled, lame, sick, overfilled or otherwise unmerchantable at time of delivery.

3. Producer Obligations. (a) All hogs delivered hereunder shall be top quality, healthy and wholesome. (b) Producer must properly use any applicable drugs and adhere to required withdrawal procedures thereto. Producer must be at Level III of the Pork Quality Assurance Program, a HACCP program of America's Pork Producers or obtain Level III of such Program within two months of the date of this Agreement. (c) While not required, the use of HORMEL® feeds is strongly encouraged and may entitle Producer to feed purchase incentives and access to Hormel Foods nutritional expertise. Producer agrees to listen objectively to Hormel Foods' feed presentations. (d) Producer agrees to arrange delivery with Hormel Foods Hog Procurement personnel by Friday of the week prior to delivery. Delivery days and times shall be determined by Hormel Foods, with delivery expected before 8:00 a.m. and/or after 5:00 p.m. Producer hereby commits that it will supply all of its market hogs to Hormel Foods under this Agreement and estimates that it will supply the following quantity of hogs each month:

\_\_\_\_\_ hogs per month

This Agreement is plant specific and applies to Hormel Foods' (Circle One and Only One Plant):

Austin Plant

Fremont Plant

Rochelle Plant